

In the Matter of)	No. G2000-52
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
NORTHERN LIFE INSURANCE)	AND ORDER ADOPTING REPORT
COMPANY)	

A Domestic Insurer. _____

BACKGROUND

An examination of the financial condition of **NORTHERN LIFE INSURANCE COMPANY** (the Company) as of December 31, 1996, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Company for its comments on October 6, 2000. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 17 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **NORTHERN LIFE INSURANCE COMPANY** and to order the Company to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, this being the Instructions and Comments and Recommendations contained in the examination report on pages 2 and 3.

1. The Company is ordered to comply with RCW 48.12.010 by including as allowed assets only such assets as belong wholly and exclusively to the Company. Instruction 1, Examination Report, page 2.
2. The Company is ordered to comply with RCW 48.12.010 by obtaining timely, proper assignments of residential loans held as investments. Instruction 2, Examination Report, page 2.
3. The Company is ordered to comply with RCW 48.03.030 by maintaining adequate records of its obligations and transactions and making those records freely accessible to the Commissioner's examiners. Instruction 3, Examination Report, page 2.
4. The Company is ordered to comply with RCW 48.74.025 by requiring its actuary to remove from its Statement of Actuarial Opinion disclaimers and other matters not authorized by RCW 48.74.025. Instruction 4, Examination Report, page 2.
5. The Company is ordered to comply with RCW 48.05.250 by completing and filing its annual statements according to instructions published by the NAIC. Instruction 5, Examination Report, page 2.
6. The Company is ordered to comply with RCW 48.74.050(1) and 48.74.060 in the calculation and reporting of its reserves. Instruction 6, Examination Report, page 2.

7. The Company is ordered to consider the implementation of procedures to control the timely clearance of suspense items and to provide detailed documentation of items included in suspense account balances. Comments and Recommendations 1, Examination Report, page 3.
8. The Company is ordered to consider filing SAR reports with the NAIC SVO for all mutual funds that are not listed by the SVO. Comments and Recommendations 2, Examination Report, page 3.
9. The Company is ordered to consider requiring that all officers, directors, and persons with fiduciary responsibilities to the Company file a complete Corporate Conflict of Interest Statement each year. Comments and Recommendations 3, Examination Report, page 3.

IT IS FURTHER ORDERED THAT, the Company file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Lacey, Washington, this 20th day of December, 2000.

DEBORAH SENN
Insurance Commissioner

By:

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division